



CARROLL COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-91
September 30, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 1999

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Carroll, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Carroll County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- < The Ex Officio County Collector did not maintain an account book and did not file annual settlements with the County Commission on a timely basis. In addition, the Ex Officio County Collector should ensure she reconciles all bank accounts to the accounting records on a monthly basis.
- < The Senate Bill 40 Board needs to improve overall budgetary procedures, including not approving expenditures in excess of budgeted amounts. Also, the SB40 Board needs to better monitor collateral securities pledged by county banks and needs to ensure SB40 Board appointments do not create possible conflicts of interest.

Also included in the audit are recommendations for the County Commission and County Clerk related to the county tax books and related procedures. Additional recommendations were made to improve the records and procedures of the Circuit Clerk, Prosecuting Attorney, Public Administrator, and the Sheriff.

Copies of the audit are available upon request.

YELLOW SHEET

CARROLL COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Carroll County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Carroll County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

Except as discussed in the fourth paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Carroll County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Carroll County.

Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, requires disclosure of certain matters regarding the year 2000 issue. Carroll County has included such disclosures in Note 4. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the county's disclosures with respect to the year 2000 issue made in Note 4. Further, we do not provide assurance that the county is or will become year

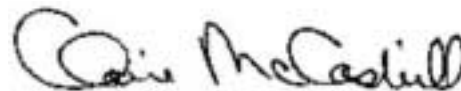
2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Carroll County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 13, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Carroll County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 13, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Carroll County, Missouri

We have audited the special-purpose financial statements of various funds of Carroll County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 13, 1999. That report expressed a qualified opinion on the special-purpose financial statements. Except as discussed in that report, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

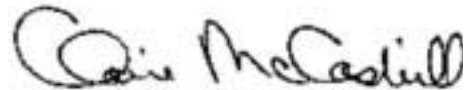
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Carroll County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Carroll County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Carroll County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 13, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

CARROLL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 159,713	1,123,789	1,173,732	109,770
Special Road and Bridge	248,455	1,475,011	1,092,439	631,027
Assessment	5,546	147,337	134,583	18,300
Law Enforcement Training	13,835	6,784	7,469	13,150
Prosecuting Attorney Training	544	401	640	305
Health Center	94,479	244,953	264,537	74,895
Drainage III	110,637	31,026	39,811	101,852
Sheriff's Inmate	1,118	3,903	2,309	2,712
Special Sheriff's	5,470	10,880	13,174	3,176
Johnson Grass	9,487	436	2,793	7,130
Law Library	76	2,376	2,314	138
Recorder's Preservation	5,360	4,600	3,184	6,776
Prosecuting Attorney Bad Check	6,031	7,420	4,007	9,444
Prosecuting Attorney Delinquent Tax	1,545	126	1,000	671
Children's Trust	3,287	471	1,500	2,258
Senate Bill 40 Board	12,047	106,861	111,124	7,784
Associate Division Interest	1,561	461	886	1,136
Probate Division Interest	119	19	110	28
Circuit Clerk Interest	3,732	1,225	811	4,146
Federal Emergency Management Assistance	0	143,287	143,287	0
Courthouse Restoration	0	100	0	100
Total	\$ 683,042	3,311,466	2,999,710	994,798

The accompanying Notes to the Financial Statements are an integral part of this statement.

CARROLL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 102,469	1,191,532	1,134,288	159,713
Special Road and Bridge	370,873	1,863,310	1,985,728	248,455
Assessment	4,555	123,989	122,998	5,546
Law Enforcement Training	11,940	10,963	9,068	13,835
Prosecuting Attorney Training	20	1,073	549	544
Health Center	109,419	243,930	258,870	94,479
Drainage III	91,359	33,845	14,567	110,637
Sheriff's Inmate	1,628	2,620	3,130	1,118
Special Sheriff's	0	5,470	0	5,470
Johnson Grass	11,738	521	2,772	9,487
Law Library	487	1,694	2,105	76
Recorder's Preservation	3,721	4,319	2,680	5,360
Prosecuting Attorney Bad Check	1,843	6,530	2,342	6,031
Prosecuting Attorney Delinquent Tax	577	1,607	639	1,545
Children's Trust	2,822	465	0	3,287
Senate Bill 40 Board	5,611	105,430	98,994	12,047
Associate Division Interest	1,303	303	45	1,561
Probate Division Interest	100	19	0	119
Circuit Clerk Interest	3,052	870	190	3,732
Community Development Block Grant	1,907	3,000	4,907	0
Federal Emergency Management Assistance	242	44,058	44,300	0
Total	\$ 725,666	3,645,548	3,688,172	683,042

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CARROLL COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 293,900	264,163	-29,737	247,400	248,515	1,115
Sales and use taxes	245,000	250,263	5,263	255,000	250,082	-4,918
Intergovernmental	119,415	122,346	2,931	120,875	127,104	6,229
Charges for services	409,475	423,484	14,009	414,680	495,669	80,989
Interest	10,000	10,811	811	7,000	10,224	3,224
Other	28,722	28,378	-344	23,725	22,015	-1,710
Transfers in	20,500	24,344	3,844	22,509	37,923	15,414
Total Receipts	1,127,012	1,123,789	-3,223	1,091,189	1,191,532	100,343
DISBURSEMENTS						
County Commission	76,876	70,016	6,860	85,292	87,882	-2,590
County Clerk	86,385	81,485	4,900	90,112	86,955	3,157
Elections	75,243	66,674	8,569	54,998	51,526	3,472
Buildings and grounds	81,705	112,721	-31,016	82,670	65,023	17,647
Employee fringe benefits	141,500	125,783	15,717	111,120	126,881	-15,761
County Treasurer and Ex Officio						
County Collector	54,095	54,745	-650	55,500	55,971	-471
Circuit Clerk and Ex Officio						
Recorder of Deeds	29,308	28,910	398	27,527	28,671	-1,144
Associate Circuit and Probate Courts	9,125	7,509	1,616	8,255	6,963	1,292
Court administration	3,400	1,318	2,082	3,170	2,377	793
Public Administrator	25,455	26,589	-1,134	19,395	23,588	-4,193
Sheriff	283,068	269,188	13,880	288,034	263,976	24,058
Jail	156,779	142,389	14,390	88,095	118,779	-30,684
Prosecuting Attorney	75,474	70,028	5,446	76,518	67,419	9,099
Juvenile Officer	47,512	47,230	282	50,629	49,997	632
County Coroner	7,650	8,476	-826	7,715	6,478	1,237
Public health and welfare services	1,000	1,000	0	2,800	2,800	0
Other	54,235	49,671	4,564	49,911	48,964	947
Transfers out	10,000	10,000	0	12,839	40,038	-27,199
Emergency Fund	34,000	0	34,000	32,844	0	32,844
Total Disbursements	1,252,810	1,173,732	79,078	1,147,424	1,134,288	13,136
RECEIPTS OVER (UNDER) DISBURSEMENTS	-125,798	-49,943	75,855	-56,235	57,244	113,479
CASH, JANUARY 1	159,713	159,713	0	102,469	102,469	0
CASH, DECEMBER 31	\$ 33,915	109,770	75,855	46,234	159,713	113,479

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SPECIAL ROAD AND BRIDGE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 48,635	52,007	3,372	46,000	48,636	2,636
Intergovernmental	1,614,590	1,397,514	-217,076	1,856,117	1,784,401	-71,716
Interest	15,000	23,248	8,248	13,000	17,261	4,261
Other	41,490	2,242	-39,248	7,883	11,885	4,002
Transfers in	0	0	0	0	1,127	1,127
Total Receipts	1,719,715	1,475,011	-244,704	1,923,000	1,863,310	-59,690
DISBURSEMENTS						
Salaries	139,950	122,166	17,784	125,927	126,085	-158
Employee fringe benefits	43,226	34,690	8,536	35,980	39,761	-3,781
Supplies	13,564	14,277	-713	34,210	11,170	23,040
Insurance	8,400	9,445	-1,045	7,100	8,369	-1,269
Road and bridge materials	445,000	281,505	163,495	235,600	418,368	-182,768
Equipment repairs	11,500	27,977	-16,477	30,000	45,229	-15,229
Rentals	0	75	-75	23,000	0	23,000
Equipment purchases	101,400	90,266	11,134	42,030	36,511	5,519
Construction, repair, and maintenance	1,083,000	488,538	594,462	1,361,120	1,280,235	80,885
Other	0	3,500	-3,500	9,280	0	9,280
Transfers out	30,000	20,000	10,000	20,000	20,000	0
Total Disbursements	1,876,040	1,092,439	783,601	1,924,247	1,985,728	-61,481
RECEIPTS OVER (UNDER) DISBURSEMENTS	-156,325	382,572	538,897	-1,247	-122,418	-121,171
CASH, JANUARY 1	248,455	248,455	0	370,873	370,873	0
CASH, DECEMBER 31	\$ 92,130	631,027	538,897	369,626	248,455	-121,171

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSESSMENT FUND

		Year Ended December 31,					
		1998			1997		
			Variance Favorable			Variance Favorable	
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Intergovernmental	\$	118,136	132,683	14,547	106,759	108,390	1,631
Interest		800	1,436	636	800	768	-32
Other		1,400	3,218	1,818	1,600	1,992	392
Transfers in		10,000	10,000	0	12,839	12,839	0
Total Receipts		130,336	147,337	17,001	121,998	123,989	1,991
DISBURSEMENTS							
Assessor		135,385	134,583	802	126,553	122,998	3,555
Total Disbursements		135,385	134,583	802	126,553	122,998	3,555
RECEIPTS OVER (UNDER) DISBURSEMENTS		-5,049	12,754	17,803	-4,555	991	5,546
CASH, JANUARY 1		5,546	5,546	0	4,555	4,555	0
CASH, DECEMBER 31		\$ 497	18,300	17,803	0	5,546	5,546

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	0	884	884	0	2,881	2,881
Charges for services		1,450	1,552	102	2,350	1,450	-900
Interest		0	335	335	0	295	295
Other		2,400	4,013	1,613	10,250	6,337	-3,913
Total Receipts		3,850	6,784	2,934	12,600	10,963	-1,637
DISBURSEMENTS							
Sheriff		12,750	7,134	5,616	12,050	8,773	3,277
Transfers out		0	335	-335	0	295	-295
Total Disbursements		12,750	7,469	5,281	12,050	9,068	2,982
RECEIPTS OVER (UNDER) DISBURSEMENTS		-8,900	-685	8,215	550	1,895	1,345
CASH, JANUARY 1		13,835	13,835	0	11,132	11,940	808
CASH, DECEMBER 31	\$	4,935	13,150	8,215	11,682	13,835	2,153

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	389	-611	1,000	569	-431
Interest	0	12	12	0	4	4
Transfers in	0	0	0	0	500	500
Total Receipts	1,000	401	-599	1,000	1,073	73
DISBURSEMENTS						
Prosecuting Attorney	1,000	628	372	1,000	545	455
Transfers out	0	12	-12	0	4	-4
Total Disbursements	1,000	640	360	1,000	549	451
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	-239	-239	0	524	524
CASH, JANUARY 1	544	544	0	20	20	0
CASH, DECEMBER 31	\$ 544	305	-239	20	544	524

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
HEALTH CENTER FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Property taxes	\$	104,000	104,337	337	100,800	98,118	-2,682
Intergovernmental		104,947	108,217	3,270	111,688	105,652	-6,036
Interest		6,000	5,933	-67	7,500	6,530	-970
Other		40,850	26,466	-14,384	44,414	33,630	-10,784
Total Receipts		255,797	244,953	-10,844	264,402	243,930	-20,472
DISBURSEMENTS							
Salaries		217,598	224,836	-7,238	203,511	201,099	2,412
Office expenditures		20,778	16,018	4,760	13,280	12,499	781
Equipment		5,570	3,054	2,516	1,776	1,615	161
Mileage and training		13,120	8,710	4,410	7,468	7,173	295
Other		48,110	11,919	36,191	38,367	36,484	1,883
Total Disbursements		305,176	264,537	40,639	264,402	258,870	5,532
RECEIPTS OVER (UNDER) DISBURSEMENTS		-49,379	-19,584	29,795	0	-14,940	-14,940
CASH, JANUARY 1		94,479	94,479	0	109,419	109,419	0
CASH, DECEMBER 31	\$	45,100	74,895	29,795	109,419	94,479	-14,940

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

CARROLL COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DRAINAGE III FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 24,300	25,813	1,513	24,350	24,260	-90
Intergovernmental	0	0	0	0	2,132	2,132
Interest	3,500	5,213	1,713	3,800	4,554	754
Other	0	0	0	0	2,899	2,899
Total Receipts	27,800	31,026	3,226	28,150	33,845	5,695
DISBURSEMENTS						
Office expenditures	365	476	-111	130	233	-103
Equipment	0	0	0	200	0	200
Contract labor	0	38,161	-38,161	24,000	9,392	14,608
Other	40,300	1,174	39,126	3,000	4,534	-1,534
Transfers out	0	0	0	0	408	-408
Total Disbursements	40,665	39,811	854	27,330	14,567	12,763
RECEIPTS OVER (UNDER) DISBURSEMENTS	-12,865	-8,785	4,080	820	19,278	18,458
CASH, JANUARY 1	110,637	110,637	0	91,359	91,359	0
CASH, DECEMBER 31	\$ 97,772	101,852	4,080	92,179	110,637	18,458

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF'S INMATE FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	2,500	3,840	1,340	2,625	2,589	-36
Interest		0	45	45	14	31	17
Other		0	18	18	0	0	0
Total Receipts		2,500	3,903	1,403	2,639	2,620	-19
DISBURSEMENTS							
Sheriff		3,400	2,309	1,091	2,650	3,130	-480
Total Disbursements		3,400	2,309	1,091	2,650	3,130	-480
RECEIPTS OVER (UNDER) DISBURSEMENTS		-900	1,594	2,494	-11	-510	-499
CASH, JANUARY 1		1,159	1,118	-41	1,628	1,628	0
CASH, DECEMBER 31	\$	259	2,712	2,453	1,617	1,118	-499

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SPECIAL SHERIFF'S FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 17,000	10,785	-6,215	3,600	5,446	1,846
Interest	0	95	95	0	24	24
Total Receipts	17,000	10,880	-6,120	3,600	5,470	1,870
DISBURSEMENTS						
Sheriff	19,200	9,674	9,526	3,600	0	3,600
Transfers out	0	3,500	-3,500	0	0	0
Total Disbursements	19,200	13,174	6,026	3,600	0	3,600
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,200	-2,294	-94	0	5,470	5,470
CASH, JANUARY 1	5,470	5,470	0	0	0	0
CASH, DECEMBER 31	\$ 3,270	3,176	-94	0	5,470	5,470

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
JOHNSON GRASS FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Property taxes	\$	50	64	14	50	62	12
Interest		250	372	122	0	459	459
Total Receipts		300	436	136	50	521	471
DISBURSEMENTS							
Salaries		1,800	1,129	671	1,600	1,085	515
Office expenditures		350	0	350	200	0	200
Equipment		200	0	200	200	18	182
Mileage and training		1,850	1,192	658	1,015	1,249	-234
Other		30	0	30	630	0	630
Transfers out		0	472	-472	0	420	-420
Total Disbursements		4,230	2,793	1,437	3,645	2,772	873
RECEIPTS OVER (UNDER) DISBURSEMENTS		-3,930	-2,357	1,573	-3,595	-2,251	1,344
CASH, JANUARY 1		9,487	9,487	0	11,738	11,738	0
CASH, DECEMBER 31	\$	5,557	7,130	1,573	8,143	9,487	1,344

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW LIBRARY FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	1,370	370	1,400	1,090	-310
Interest	0	6	6	0	4	4
Transfers in	1,000	1,000	0	600	600	0
Total Receipts	2,000	2,376	376	2,000	1,694	-306
DISBURSEMENTS						
Office expenditures	2,000	2,314	-314	2,420	2,105	315
Total Disbursements	2,000	2,314	-314	2,420	2,105	315
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	62	62	-420	-411	9
CASH, JANUARY 1	76	76	0	487	487	0
CASH, DECEMBER 31	\$ 76	138	62	67	76	9

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S PRESERVATION FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	4,500	4,480	-20	4,400	4,208	-192
Interest		0	120	120	0	111	111
Total Receipts		4,500	4,600	100	4,400	4,319	-81
DISBURSEMENTS							
Ex Officio Recorder of Deeds		3,000	3,184	-184	7,020	2,680	4,340
Total Disbursements		3,000	3,184	-184	7,020	2,680	4,340
RECEIPTS OVER (UNDER) DISBURSEMENTS		1,500	1,416	-84	-2,620	1,639	4,259
CASH, JANUARY 1		5,360	5,360	0	3,721	3,721	0
CASH, DECEMBER 31	\$	6,860	6,776	-84	1,101	5,360	4,259

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY BAD CHECK FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	5,000	7,240	2,240	4,000	6,442	2,442
Interest		0	180	180	0	88	88
Total Receipts		5,000	7,420	2,420	4,000	6,530	2,530
DISBURSEMENTS							
Prosecuting Attorney		10,000	3,902	6,098	1,000	1,449	-449
Transfers out		0	105	-105	2,209	893	1,316
Total Disbursements		10,000	4,007	5,993	3,209	2,342	867
RECEIPTS OVER (UNDER) DISBURSEMENTS		-5,000	3,413	8,413	791	4,188	3,397
CASH, JANUARY 1		6,031	6,031	0	1,843	1,843	0
CASH, DECEMBER 31	\$	1,031	9,444	8,413	2,634	6,031	3,397

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY DELINQUENT TAX FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	1,500	0	-1,500	765	1,574	809
Interest		0	21	21	0	33	33
Transfers in		0	105	105	0	0	0
Total Receipts		1,500	126	-1,374	765	1,607	842
DISBURSEMENTS							
Prosecuting Attorney		700	0	700	700	639	61
Transfers out		1,000	1,000	0	0	0	0
Total Disbursements		1,700	1,000	700	700	639	61
RECEIPTS OVER (UNDER) DISBURSEMENTS		-200	-874	-674	65	968	903
CASH, JANUARY 1		1,545	1,545	0	577	577	0
CASH, DECEMBER 31	\$	1,345	671	-674	642	1,545	903

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CHILDREN'S TRUST FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	650	390	-260	500	395	-105
Interest		0	81	81	0	70	70
Total Receipts		650	471	-179	500	465	-35
DISBURSEMENTS							
Domestic violence shelter		1,500	1,500	0	0	0	0
Total Disbursements		1,500	1,500	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS		-850	-1,029	-179	500	465	-35
CASH, JANUARY 1		3,287	3,287	0	2,822	2,822	0
CASH, DECEMBER 31	\$	2,437	2,258	-179	3,322	3,287	-35

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit Q

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SENATE BILL 40 BOARD FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 102,000	104,396	2,396	94,500	98,120	3,620
Intergovernmental	0	1,438	1,438	0	2,083	2,083
Interest	600	505	-95	0	520	520
Other	0	522	522	3,261	4,707	1,446
Total Receipts	102,600	106,861	4,261	97,761	105,430	7,669
DISBURSEMENTS						
Office expenditures	1,213	131	1,082	1,189	144	1,045
Client services	98,870	110,946	-12,076	99,420	98,850	570
Other	0	47	-47	0	0	0
Total Disbursements	100,083	111,124	-11,041	100,609	98,994	1,615
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,517	-4,263	-6,780	-2,848	6,436	9,284
CASH, JANUARY 1	12,047	12,047	0	5,611	5,611	0
CASH, DECEMBER 31	\$ 14,564	7,784	-6,780	2,763	12,047	9,284

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit R

CARROLL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSOCIATE DIVISION INTEREST FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 304	301	-3
Other	0	160	160
Total Receipts	304	461	157
DISBURSEMENTS			
Associate Division	0	886	-886
Total Disbursements	0	886	-886
RECEIPTS OVER (UNDER) DISBURSEMENTS	304	-425	-729
CASH, JANUARY 1	1,561	1,561	0
CASH, DECEMBER 31	\$ 1,865	1,136	-729

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit S

CARROLL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROBATE DIVISION INTEREST FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 20	19	-1
Total Receipts	20	19	-1
DISBURSEMENTS			
Probate Division	0	110	-110
Total Disbursements	0	110	-110
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	-91	-111
CASH, JANUARY 1	119	119	0
CASH, DECEMBER 31	\$ 139	28	-111

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit T

CARROLL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT CLERK INTEREST FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 500	1,135	635
Other	0	90	90
Total Receipts	500	1,225	725
DISBURSEMENTS			
Circuit Clerk	0	811	-811
Total Disbursements	0	811	-811
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	414	-86
CASH, JANUARY 1	3,687	3,732	45
CASH, DECEMBER 31	\$ 4,187	4,146	-41

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CARROLL COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Carroll County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Federal Emergency Management Assistance Fund for the years ended December 31, 1998 and 1997; the Courthouse Restoration Fund for the year ended December 31, 1998; and the Community Development Block Grant Fund, Associate Division Interest Fund, Probate Division Interest Fund, and the Circuit Clerk Interest Fund for the year ended December 31, 1997.

Warrants issued were in excess of budgeted amounts for the Law Library Fund, Recorder's Preservation Fund, Senate Bill 40 Board Fund, Associate Division Interest Fund, Probate Division Interest Fund, and the Circuit Clerk Interest Fund for the year ended December 31, 1998; and the Special Road and Bridge Fund and the Sheriff's Inmate Fund for the year ended December 31, 1997. Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 1998 and 1997, did not include the Federal Emergency Management Assistance Fund, and for the year ended December 31, 1997, did not include the Community Development Block Grant Fund.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's and Senate Bill 40 Board's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances for the Senate Bill 40 Board existed at those times although not at year-end.

To protect the safety of Senate Bill 40 Board deposits, Section 110.020, RSMo 1994, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$56,700 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$30,346. As of December 31, 1998, \$11,383 remains to be paid.

4. Year 2000 Issues

On April 29, 1999, a letter was received from the county's accounting software provider, assuring the county that to the best of their knowledge their software products are Year 2000-compliant; or would be after an updating process.

A local vendor reviewed and tested the county's computer systems and hardware on April 16, 1999. The vendor found that two personal computers (PCs) were Year 2000-compliant; however, three failed the test, including the county's server which is located in the Assessor's office. The vendor advised the county that this was not an area of major concern, and that the county's PCs are able to be Year 2000 ready. The vendor stated that the county would have to purchase Year 2000 boards that can be installed in the computers that failed the test. At this time, the county scheduled an appointment with the vendor to install the boards. The cost for this service was \$60, and the cost of the replacement boards is estimated to be \$75 each plus labor.

The Carroll County Sheriff's Department assured the County Commission in December 1998, that all radio equipment and related emergency service computers are compliant.

Supplementary Schedule

Schedule

CARROLL COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1998	1997
U. S. DEPARTMENT OF AGRICULTURE				
10.9	Direct program -			
	Watershed Protection and Flood Prevention	N/A	\$ 0	3,955
	Passed through state:			
	Department of Social Services - Food			
10.6	Distribution	N/A	178	55
	Department of Health - Special			
	Supplemental Nutrition Program for			
10.6	Women, Infants, and Children	ER0045-116	28,765	35,839
U.S. DEPARTMENT OF DEFENSE				
	Passed through state:			
12.unknown	Department of Public Safety - surplus property	N/A	0	2,135
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state-Department of Economic Development -			
	Community Development Block Grants/State's			
14.2	Program	93-DR-40	0	4,414
U.S. DEPARTMENT OF THE INTERIOR				
	Passed through state-Department of Natural Resources -			
15.904	Historic Preservation Fund Grants-In-Aid	29-96-11100-416	0	6,000
U.S. DEPARTMENT OF JUSTICE				
	Direct programs - Public Safety Partnership and			
16.7	Community Policing ("Cops") Grants	97-UM-WX-0010	16,620	16,902
	Passed through -			
	Missouri Sheriffs' Association - Domestic			
16.unknown	Cannabis Eradication/Suppression Program	N/A	0	1,147
U.S. DEPARTMENT OF LABOR				
17.3	Passed through state Department of Economic Development -			
	Job Training Partnership Act	N/A	2,040	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and			
	Transportation Commission - Off-System			
	Bridge Replacement and Rehabilitation			
20.2	Program	BRO-017(18)	0	10,679

		BRO-017(21)	752	301,292
		BRO-017(22)	1,386	2,188
		BRO-017(23)	29,134	216,393
		BRO-017(24)	5,690	210,075
		BRO-017(26)	0	378,930
		BRO-017(27)	709	5,296
		BRO-017(28)	273,114	76,791
		BRO-017(29)	27,302	0
		BRO-017(31)	836	0
		BRO-017(32)	12,342	0
		BRO-017(33)	12,212	0
	Program Total		<u>363,477</u>	<u>1,201,644</u>
::				
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.0	Donation of Federal Surplus Personal Property	N/A	15,102	38,996
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.5	Public Assistance Grants	FEMA-995-DR-MO	0	21,362
		FEMA-1253-DR-MO	143,287	0
	Program Total		<u>143,287</u>	<u>21,362</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
93.3	Department of Health - Immunization Grants	ERO146-116GPH	5,100	6,343
	Department of Social Services - Child Support			
93.6	Enforcement	N/A	17,959	5,651
	Department of Health -			
93.6	Child Care and Development Block Grant	ERO146-116-CCNC	1,143	1,370
	Maternal and Child Health Services			
94.0	Block Grant to the States	ERO146-116MCH	13,224	18,215
	Total Expenditures of Federal Awards		<u>\$ 606,895</u>	<u>1,364,028</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

CARROLL COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Carroll County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) and the U.S. Department of Defense Surplus Property Program represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$141,722 to subrecipients under Public Assistance Grants (CFDA number 83.544) during the year ended December 31, 1998.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Carroll County, Missouri

Compliance

We have audited the compliance of Carroll County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1998 and 1997. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

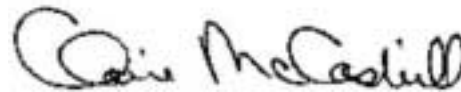
In our opinion, Carroll County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1998 and 1997.

Internal Control Over Compliance

The management of Carroll County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Carroll County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 13, 1999 (fieldwork completion date)

Schedule

CARROLL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1998 AND 1997

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

Reportable condition identified that is
not considered to be a material weakness? _____ yes X none reported

Noncompliance material to the financial statements
noted?

_____ yes X no

Federal Awards

Internal control over major program:

Material weakness identified? _____ yes X no

Reportable condition identified that is
not considered to be a material weakness? _____ yes X none reported

Type of auditor's report issued on compliance for
major program:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

_____ yes X no

Identification of major program:

CFDA or
Other Identifying

Number

Program Title

20.205

Off-System Bridge Replacement and Rehabilitation Program

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes X no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CARROLL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1996, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CARROLL COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1996, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CARROLL COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Carroll County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 13, 1999. That report expressed a qualified opinion on the special-purpose financial statements. We also have audited the compliance of Carroll County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 13, 1999.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings also resulted from our audit of the special-purpose financial statements of Carroll County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Tax Book Procedures**

- A. The back tax books prepared by the County Clerk include only the most current delinquent year. For prior years, the Ex Officio County Collector obtains a computerized summary report of back taxes to use for her annual settlement; however, the County Clerk does not verify this information. In addition, a back tax aggregate abstract has not been prepared and submitted to the Department of Revenue for the years ended February 28, 1998 and 1999.

Section 140.050, RSMo 1994, requires the County Clerk to make the back tax books and charge the Ex Officio County Collector with the aggregate amount of taxes, interest, and County Clerk's fees contained in the back tax books. Furthermore, Section 140.050, RSMo 1994, also requires the County Clerk to provide this information to the Department of Revenue.

The County Clerk is responsible for the accuracy of the back tax books and the amounts with which the Ex Officio County Collector is charged. Failure to verify all prior years' back tax book charges could result in the Ex Officio County Collector not being charged with the correct amount and any errors and irregularities not being discovered in a timely manner.

- B. The County Clerk does not maintain an account book with the Ex Officio County Collector. An account book would summarize all taxes charged to the Ex Officio County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book.

Section 51.150(2), RSMo 1994, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book can also be used by the County Commission to verify the accuracy of the Ex Officio County Collector's annual settlements.

This condition was also noted in our prior report.

- C. Tax book abatements are initiated by the County Assessor. The Ex Officio County Collector makes these changes to the property tax records and periodically prepares court orders which are approved by the County Commission. However, there is no independent and subsequent comparison of approved court-ordered abatements to the actual changes to the property tax data files or to amounts reflected on the Ex Officio County Collector's annual settlement.

Since the Ex Officio County Collector is responsible for collecting the taxes, she should not have the capability to make these changes to the actual tax data. This

procedure, without independent and subsequent review of the actual changes made, weakens controls over the collection of taxes.

Section 137.260, RSMo 1994, requires that the tax book only be changed by the County Clerk under order of the County Commission. Controls should be established so that the Ex Officio County Collector does not have the capability to make these changes to the tax data without a subsequent independent review or reconciliation of all approved abatements to changes made to the property tax data or to amounts reflected on the Ex Officio County Collector's annual settlement.

WE RECOMMEND:

- A. The County Clerk prepare back tax books for all delinquent years or verify the totals reported by the Ex Officio County Collector. In addition, the County Clerk should prepare the back tax aggregate abstract and file it with the Department of Revenue.
- B. The County Clerk establish and maintain an account book with the Ex Officio County Collector for the County Commission to use to verify the accuracy of the Ex Officio County Collector's annual settlements.
- C. The County Commission revise the abatement process so that the Ex Officio County Collector does not have the capability to make such changes to tax data without other controls in place.

AUDITEE'S RESPONSE

A&B. The County Clerk concurs and indicated changes have been made to implement these recommendations.

C. The County Commission concurs.

2. Ex Officio County Collector's Procedures
--

The Ex Officio County Collector's office processed property taxes totaling in excess of \$2 million annually during the two years ended February 28, 1999. A review of the records and procedures in this office disclosed the following concerns:

- A. The Ex Officio County Collector did not file annual settlements with the County Commission on a timely basis. The annual settlements were not filed for the year ended February 28, 1998, until May 21, 1999, over fourteen months late. In addition, the annual settlement for the year ended February 28, 1999, was not filed until June 16, 1999.

Section 139.160, RSMo 1994, requires the annual settlement to be filed with the County Commission by the first Monday in March. While filing the annual

settlement by the statutory due date is difficult, the Ex Officio County Collector needs to make a greater effort to ensure her annual settlements are filed on a more timely basis.

- B. Although some of the bank accounts in the office were properly reconciled, the balance of the Ex Officio County Collector's primary bank account has not been reconciled with the accounting records since she became the new officeholder in April 1997. Monthly bank reconciliations are necessary to ensure accounting records are in balance and to ensure errors are identified and corrected on a timely basis.
- C. The Ex Officio County Collector did not maintain an account book during the two years ended February 28, 1999. A properly maintained account book provides the information necessary to prepare the annual settlement, including taxes the Ex Officio County Collector has been charged with, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book.

WE RECOMMEND the Ex Officio County Collector:

- A. File annual settlements in a timely manner.
- B. Reconcile the balance of the primary bank account to the checkbook balance and turnover on a monthly basis.
- C. Maintain an account book to assist her in the preparation of the annual settlements.

AUDITEE'S RESPONSE

The Ex Officio Collector provided the following response:

- A. *Distributing monies that had been collected to the different entities was the #1 priority to the Ex Officio Collector's office. My staff, along with the help of twenty township collectors, processed property taxes totaling in excess of \$5 million annually to the different entities of the county accurately. I am pleased with the basically clean audit of both the Treasurer's and Ex Officio Collector's office. The state statute, Section 139.160, RSMo 1994, requiring the annual settlement report to be filed with the County Commission by the first Monday in March is an unrealistic statute to township counties such as Carroll County. During the first week of March, the office staff is receiving the delinquent tax books from the twenty township collectors, plus collecting over \$83,000 from taxpayers during the months of March and April. The office staff cannot collect this volume of money and process an accurate annual settlement report at the same time. Computer generated spreadsheets have been developed by the office staff to ensure that next year's annual settlement report will be filed with the County Commission on a more timely basis. The office staff continues to attend computer classes and to network with other counties in helping the office be more efficient. I am extremely proud of the dedication of the twenty township collectors and my past and present office staff.*

- B. *Upon suggestions from the State Auditors, the past practice of having several different bank accounts on the Ex Officio Collector's side will be discontinued. The delinquent surtax, the current surtax, and the corporation bank accounts will be combined to one Ex Officio Collector account so reconciling the bank statement against the Ex Officio Collector fund ledgers can be accomplished each month in a more timely manner.*
- C. *The Ex Officio Collector account book is being properly maintained on a monthly basis so the annual settlement report can be completed nearer to the stated deadline.*

3. Circuit Clerk's Open Items

The Circuit Clerk prepares monthly open items listings for the fee account and compares the total open items with the reconciled cash balance of this account. However, these comparisons consistently identify differences between the two totals which are not adequately investigated and resolved. Differences fluctuated each month throughout the audit period, and ranged from an open items balance which exceeded the reconciled cash balance by \$419 at April 30, 1997, to a reconciled cash balance which exceeded the open items balance by \$577 at October 31, 1998. At December 31, 1998, the reconciled cash balance exceeded the open items balance by \$366.

The Circuit Clerk has a large number of open cases and because the manner in which the case fee sheets are filed has made this reconciliation process more difficult, changes may be needed.

Monthly listings of open items should be reconciled to the cash balance and differences should be investigated and resolved to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the Circuit Clerk prepare a complete listing of open items and reconcile monthly listings of open items to the reconciled cash balance. Any differences should be investigated and explained.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

I have reviewed this finding and recommendation and I am quite aware of this problem. This has been a problem for some time and it is something that I acknowledge. I have talked to the State Court Administrator's office about this problem and I believe that there is a computer program that the courts have to help with this problem. Also, when the courts become fully automated, the open items will be part of the package.

4. Prosecuting Attorney's Records and Procedures

The Prosecuting Attorney's office collected approximately \$59,000 in court-ordered restitution, and bad check restitution and related fees during the year ended December 31, 1998.

- A. Bad check fees were not always disbursed to the County Treasurer on a timely basis. For example, bad check fees collected in August, September, October, and November 1998, totaling \$2,730, were not transmitted to the County Treasurer until December 1998. In addition, the monthly reports of fees for these months were not filed with the County Commission until December 1998.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer on a monthly basis. In addition, Section 50.370, RSMo 1994, requires county officials to prepare and file a monthly report of fees collected with the County Commission.

- B. The method of payment (cash, check, or money order) is not consistently indicated on the receipt slips. To help ensure monies are properly accounted for, the method of payment should be recorded on the receipt slips and the composition of the recorded receipts should be reconciled to the composition of bank deposits.
- C. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as subsequent disposition of these bad checks has not been established. County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection; however, the complaints are not recorded on a log nor is the ultimate disposition accounted for properly.

To ensure all bad checks turned over to the Prosecuting Attorney are properly handled and accounted for, a sequential number should be assigned to each bad check received and a log should be maintained listing each bad check and its disposition. The log should contain information such as the assigned number, the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and disbursed to the merchant, the criminal case in which charges were filed, or other disposition.

Conditions A. and C. were similarly noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Transmit bad check fees to the County Treasurer in a timely manner and file monthly reports with the County Commission as required.

- B. Indicate the method of payment on all receipt slips written and reconcile the composition of recorded receipts to bank deposits.
- C. Maintain a log to adequately account for bad check complaints received, as well as the ultimate disposition of the related bad checks.

AUDITEE'S RESPONSE

A&B. The Prosecuting Attorney concurs.

C. The Prosecuting Attorney indicated this recommendation has already been implemented.

5. Sheriff's Commissary Account
--

The Sheriff maintains a separate checking account to account for personal monies of inmates and funds used to operate a commissary for inmates. The commissary monies in the account represent receipts from the sale of candy, soda, cigarettes, stamps, and various other products sold to inmates as well as the disbursements of monies to purchase such items for inventory. A record is maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary, and the available cash balance. Any amount in the commissary account in excess of the total of the inmate balances is assumed to be profits.

Any such profits exceeding \$300 at the end of the month are paid to the County Treasurer for credit to the Sheriff's Inmate Fund. During our review of this account, the related controls, and procedures surrounding it, we noted the following concerns:

- A. The total of the inmates' monies in the commissary checking account is not adequately reconciled to the total of the individual prisoner balances. A monthly listing of individual inmate balances is prepared and compared to the book balance; however, the balances cannot be reconciled to the balance in the bank account because the account also contains the commissary monies for which no separate accounting record is maintained.

To allow for such reconciliations and to adequately account for commissary activity, the Sheriff's department should establish records that account for commissary sales, inventory purchases, and the commissary balance. Reconciliations of the inmate and commissary balances to the bank account is necessary to ensure all monies received are accounted for properly.

- B. During the year ended December 31, 1998, over \$24,000 in commissary inventory was purchased by the Sheriff; however, no inventory records were maintained to account for the items purchased and sold through the commissary.

To adequately account for commissary merchandise, a detailed inventory ledger should be maintained on a perpetual basis. Perpetual inventory records should

document the beginning balance for each item, items purchased, items sold or otherwise disposed of, and the ending balance of each item. In addition, to enhance control and safeguarding of inventories, periodic physical inventory counts should be performed and reconciled to perpetual inventory records. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records.

WE RECOMMEND the Sheriff:

- A. Maintain records to account for the balance of commissary monies and reconcile this balance and the total of individual inmate balances to the bank account on a monthly basis.
- B. Consider maintaining perpetual inventory records for all commissary inventory items and ensure a physical count of inventory is performed periodically by an employee independent of daily commissary operations. The results of the physical count should be compared to the perpetual inventory records and discrepancies should be investigated in a timely manner.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

- A. *Inmate monies are now accounted for and reconciled with the inmate account.*
- B. *Inventory records are now maintained to account for commissary items. Commissary purchases are generally made weekly and purchases made are reflected in those inventory records and receipts are kept.*

6. Public Administrator

The Public Administrator periodically handles the sale of real estate for cases assigned to him by the Associate Circuit Judge. For one such case, the Public Administrator conducted the sale of real estate in June 1998; however, no payments were made at that time. An initial payment of \$50,000 was eventually made in December 1998, and a final payment of \$309,500 was made in March 1999. Both payments were deposited into a bank account controlled by the attorney for this estate.

After we inquired about this sale in May 1999, the Public Administrator determined the \$359,500 in proceeds from the sale remained in the attorney's bank account. A check was subsequently issued by the attorney to the estate and deposited by the Public Administrator in the estate's bank account on May 18, 1999.

It appears the Public Administrator did not adequately follow-up on this transaction with the attorney and ensure the monies were deposited in the estate's bank account in a timely

manner. As a result, the estate lost potential interest earnings on the proceeds from the sale of at least \$2,700.

WE RECOMMEND the Public Administrator ensure all monies received on behalf of his estates are collected and deposited by him in a timely manner. If monies or assets do not come to him directly, he should ensure they are turned over to him in a timely fashion.

AUDITEE'S RESPONSE

The Public Administrator concurs.

7. Senate Bill 40 Board

- A. The Senate Bill 40 Board approved expenditures in excess of budgeted amounts of \$11,041 for the year ended December 31, 1998. There were no formal amendments filed nor any mention in the board minutes as to why the budgeted amounts were exceeded.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246(1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo Cum. Supp. 1998, provides that county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

- B. The Senate Bill 40 Board budgets for the 1999 and 1998 calendar years contained several misclassifications of both budgeted and actual receipts. In addition, it appears the actual amounts presented on the budget documents were not agreed to the accounting records. Property tax revenues and expenditures for 1998 and 1997 were both overstated on the budgets as Assessment Fund withholdings which were not actually received or disbursed by the Senate Bill 40 Board were included in these amounts.

To be of maximum assistance to the Senate Bill 40 Board and to adequately inform the public, the budget document should include accurate classifications and the actual receipt and disbursement information included in the budgets should be agreed to the accounting records.

- C. The Senate Bill 40 Board's funds on deposit exceeded the FDIC coverage by approximately \$13,300 and \$3,800 during March 1998 and 1997, respectively. It appears no collateral securities were pledged by the depository bank to cover the monies in excess of the FDIC coverage. The Senate Bill 40 Board apparently did not monitor the funds on deposit to ensure collateral securities were pledged when necessary.

Section 110.020, RSMo 1994, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

- D. Although the Senate Bill 40 Board secretary/treasurer is properly bonded, the board president who is responsible for co-signing checks is not bonded. The Senate Bill 40 Board should consider bonding all individuals with access to monies to better protect the board from risk of loss.
- E. A Senate Bill 40 Board member's husband serves as president of two of the not-for-profit boards and the treasurer of the other not-for-profit board which received funding from the county board. Because the Senate Bill 40 Board and these three entities transact business with each other, this situation may present a conflict of interest.

To provide greater assurance the Senate Bill 40 Board is acting independently and in the best interest of the county, there should be no conflicts or ties such as this between members of the county board and the groups with which it transacts business.

Condition B. was also noted in our prior report.

WE RECOMMEND the Senate Bill 40 Board:

- A. Not authorize expenditures in excess of budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.
- B. Ensure budget information is properly classified and agreed to the accounting records.
- C. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- D. Consider obtaining adequate bond coverage for all individuals with access to monies.

- E. Discuss this matter with the County Commission and the need to ensure future appointments to the Senate Bill 40 Board will not result in a possible conflict of interest with groups which the county board conducts business.

AUDITEE'S RESPONSE

A-C. The Senate Bill 40 Board President concurs.

D. The Senate Bill 40 Board President indicated this recommendation has already been implemented.

E. The Senate Bill 40 Board President concurs with this recommendation and indicated an effort will be made to avoid this situation when future appointments are required.

The County Commission indicated it will consider this recommendation; however, they indicated it is sometimes difficult to find individuals to serve on county boards.

This report is intended for the information of the management of Carroll County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

CARROLL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Carroll County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. Budgetary and Reporting Practices

- A. Actual expenditures were in excess of approved budgeted expenditures for various funds during the two years ended December 31, 1996.
- B. Formal budgets were not prepared for various county funds for the years ended December 31, 1996 and 1995.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. The Special Road and Bridge Fund's budget was overspent in 1997 by over \$60,000; however, it appears in 1998 the county did a better job of monitoring the budget and no significant overspending occurred. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Formal budgets were prepared for the Associate Division Interest Fund, Circuit Clerk Interest Fund, and the Probate Division Interest Fund for the year ended December 31, 1998; however, formal budgets were not prepared for the Federal Emergency Management Assistance Fund and the Courthouse Restoration Fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The Health Center published its financial statements separate from the county's published financial statements for the years ended December 31,

1998 and 1997. The county's published financial statements for the years ended December 31, 1998 and 1997, included the Senate Bill 40 Board Fund, Associate Division Interest Fund, Circuit Clerk Interest Fund, and the Probate Division Interest Fund; however, the Federal Emergency Management Assistance Fund was still not included. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Expenditures and Contracts

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases.
- B. The county did not prepare IRS Form 1099-MISC information returns when applicable.
- C. The county did not enter into a written contract with a mental health association which received funding from the county.
- D. Carroll County paid an incorrect percent of expenses of the juvenile office based on the populations of the two counties in that judicial circuit. This resulted in the county overpaying juvenile expenses by approximately \$2,400 during the two years ended December 31, 1996.

Recommendation:

The County Commission:

- A. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances.
- B. Prepare IRS Forms 1099-MISC when required.
- C. Enter into written contracts that specifically state the services to be provided to the county. Any expenditures made should be monitored for compliance with the terms of the contract.
- D. Ensure the correct percentage is used to prorate future juvenile office expenditures. In addition, the County Commission should review prior expenses to determine amounts overpaid and pursue reimbursement of these expenses as appropriate.

Status:

- A. Partially implemented. While we again noted a few instances where bids were not solicited or documented, it appears the county generally solicited bids as required. Although not repeated in the current MAR, our recommendation remains as stated above.

- B. Partially implemented. During the current audit period, we noted two instances in which IRS Forms 1099-MISC were not properly filed; however, the county has made improvement in this area. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. In early 1998, the county drafted a contract, signed it, and sent it to the mental health association to be signed; however, the contract was not returned to the county. The county did not provide any funding to this entity in 1999. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Partially implemented. The correct percentage is currently used to prorate juvenile office personnel and mileage expenditures; however, the County Commission has not pursued the reimbursement of the amounts overpaid in the prior audit. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Apportionment of Railroad and Utility Taxes

The County Clerk did not correctly apportion 1996 railroad and utility taxes to the school districts.

Recommendation:

The County Clerk correct the over and underpayments to the various school districts during subsequent apportionment distributions and calculate the apportionments correctly in the future.

Status:

Implemented.

4. Ex Officio County Collector's Withholdings from Tax Collections

During the two years ended February 28 (29), 1997, the Ex Officio County Collector did not adjust railroad and utility tax collections for the effects of Proposition C when calculating assessment withholdings.

Recommendation:

The Ex Officio County Collector recalculate assessment withholdings on railroad and utility tax collections and make any necessary adjustments. In the future, properly retain all allowable assessment withholdings from school district railroad and utility tax collections.

Status:

Implemented.

5. Prosecuting Attorney's Records and Procedures

- A. Prosecuting attorney fees received from the associate court and bad check fees were not always transmitted to the County Treasurer on a timely basis. In addition, monthly reports of fees for calendar year 1996 were not turned in to the county until February 1997.
- B. Receipt slips were not issued for some monies received and receipts were not always deposited in a timely manner.
- C. A report was prepared indicating the dollar amount of receipts, the date of deposit, and which receipts had not been disbursed as of month end; however, this listing of open items was not reconciled with the book and reconciled bank balances.
- D. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks had not been established.

Recommendation:

The Prosecuting Attorney:

- A. Transmit all fees and file monthly reports with the County Commission in a timely manner.
- B. Require receipts slips be issued for all monies received, receipts to be recorded in the accounting records immediately when received, and deposits to be made daily or when accumulated receipts exceed \$100.
- C. Ensure open items listings are reconciled to the cash balance on a monthly basis.
- D. Maintain a log to adequately account for bad check complaints received, as well as the ultimate disposition of the related bad checks.

Status:

- A. Not implemented. The Prosecuting Attorney no longer receives fees from the courts, but bad checks fees are still not always turned over on a timely basis. See MAR No. 4.
- B. Implemented.
- C. The Prosecuting Attorney's office currently disburses restitution amounts as received; therefore, with the exception of the bad check fees not always being turned over timely, there are no open items or liabilities and this recommendation is no longer applicable.
- D. Not implemented. See MAR No. 4.

6. Sheriff's Accounting Policies and Procedures

- A.1. Receipt slips for the inmate account did not always indicate the method of payment.
- 2. Receipts pertaining to both the regular and inmate accounts were not deposited on a timely basis.
- 3. Checks were not always restrictively endorsed immediately upon receipt.
- 4. Receipt slips were not always prepared immediately upon the receipt of the monies.
- B. Monthly listings of liabilities (open items) for the inmate bank account were not prepared; consequently, liabilities were not reconciled with the cash balance on a periodic basis.
- C. The Sheriff's department received commissions from the telephone company based on collect telephone calls made by prisoners at the jail. In January 1997, the telephone company discontinued disbursing commissions to the Sheriff, and instead gave credit for the commissions earned which were used to offset a computer system purchase costing \$6,600 through the telephone company. There was no written agreement with the telephone company outlining the terms of this purchase nor was this computer purchase bid or handled through the county's normal disbursement process.

Recommendation:

The Sheriff:

- A.1. Record the method of payment for all monies received in the inmate account.
- 2. Require monies be deposited daily or when accumulated receipts exceed \$100.
- 3. Endorse checks immediately upon receipt.
- 4. Issue receipt slips for all monies immediately upon receipt.
- B. Ensure open items listings are prepared on a monthly basis and reconciled to the cash balance.
- C. Turn over all future telephone commissions to the County Treasurer for deposit into the General Revenue Fund and disburse monies only on warrants approved by the County Commission. Expenditures from these monies should be properly bid as required by state law and written contracts obtained for services when necessary.

Status:

- A.1. Not implemented. During the current audit period, we again noted instances in which the method of payment was not indicated on the receipt slip. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Partially implemented. We again noted instances in which deposits were not made daily or when accumulated receipts exceed \$100; however, the Sheriff has made improvement in this area. Although not repeated in the current MAR, our recommendation remains as stated above.
3. Implemented.
4. Partially implemented. We again noted instances in which a receipt slip was not prepared immediately upon the receipt of monies; however, the Sheriff has made improvement in this area. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Monthly listings of inmate balances are prepared and compared to the book balance; however, the balances cannot be reconciled to the balance in the inmate bank account because the account also contains the commissary monies for which no records are maintained. See MAR No. 5.
- C. Partially implemented. During the latter part of the audit period, the Sheriff turned over a major portion of the commissions earned; however, approximately \$2,600 in commissions was deducted by the telephone company to replace the telephones at the jail which are used by the prisoners. The county entered into a contract with the telephone company for the purchase and installation of these telephones. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Circuit Clerk's Accounting Policies and Procedures

- A. The Circuit Clerk prepared monthly open items listings for the fee account, however, differences between these listings and the reconciled cash balance of this account were not investigated or resolved on a timely basis. Two cases were mistakenly carried on the open items listing even though the monies pertaining to the cases had been disbursed.
- B. Receipts were not deposited on a timely basis.

Recommendation:

The Circuit Clerk:

- A. Prepare an accurate listing of open items and reconcile monthly listings of open items to cash balances, investigating any differences.
- B. Require monies be deposited daily or when accumulated receipts exceed \$100.

Status:

- A. Not implemented. See MAR No. 3.

- B. Partially implemented. We again noted instances where receipts were not deposited timely; however, the Circuit Clerk has made improvement in this area. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Assessor's Controls and Procedures

- A. Receipt slips were not issued for monies received nor was the method of payment indicated on any receipt records.
- B. Checks were not restrictively endorsed immediately upon receipt.
- C. The Assessor did not transmit receipts to the County Treasurer intact. Cash was sometimes held from receipts to make change and personal checks were cashed for employees.
- D. Monthly reports of fees collected were not reviewed or signed indicating approval by the Assessor, before they were turned over to the County Treasurer. In addition, these reports were not filed with the County Commission.

Recommendation:

The Assessor:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of the receipt slips issued. In addition, require the method of payment be indicated on all receipts and reconcile total cash and checks to monies remitted to the County Treasurer.
- B. Restrictively endorse all checks and money orders upon receipt.
- C. Transmit all monies received to the County Treasurer intact. The composition of checks and cash received should be reconciled to the composition of amounts turned over to the County Treasurer. In addition, discontinue the practice of cashing personal checks.
- D. Ensure all fee reports are approved and filed in accordance with state law.

Status:

A-D. Implemented.

9. County Clerk's Accounting Policies and Procedures

- A. Receipts were not deposited on a timely basis.
- B. The County Clerk did not maintain an account book with the Ex Officio County Collector.

Recommendation:

The County Clerk:

- A. Deposit monies daily or when accumulated receipts exceed \$100.
- B. Establish and maintain an account book with the Ex Officio County Collector for the County Commission to use to verify the accuracy of the Ex Officio County Collector's annual settlements.

Status:

- A. Partially implemented. Although the County Clerk still does not always deposit monies timely, it appears improvement has been made in this area. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR No. 1.

10. Children's Trust Fund

Fees to be used to provide financial assistance to shelters for victims of domestic violence had not been expended from the related fund and the county had no plans to distribute these monies.

Recommendation:

The County Commission seek out potential users for the Children's Trust Fund monies.

Status:

Implemented. The county entered into a contract and distributed \$1,500 to a shelter for victims of domestic violence during 1998. The county has decided not to distribute any funds to this shelter in 1999 and is considering other shelters for future funding.

11. Health Center Accounting Controls and Budgetary Procedures

- A. The Board of Trustees approved expenditures of \$14,019 in excess of budgeted amounts for the year ended December 31, 1995.
- B. The health center did not prepare IRS Forms 1099-MISC when applicable.
- C. During 1996, the health center entered into an agreement with a business to perform health surveys. The written agreement was not signed by the necessary parties.

Recommendation:

The Health Center Board of Trustees:

- A. Not authorize warrants in excess of budgeted expenditures.

- B. Prepare IRS Forms 1099-MISC when required.
- C. Ensure written agreements are signed for contracts or services received.

Status:

A,B,
&C. Implemented.

12. Senate Bill 40 Board

- A. The Senate Bill 40 Board budgets for 1997 and 1996 contained several errors and misclassifications of receipts and disbursements. In addition, the cash reconciliation portion of the 1997 budget did not properly foot.
- B. The Senate Bill 40 Board contracted with three sheltered workshops to provide services to handicapped individuals. One sheltered workshop received an additional \$6,500 a year for administrative services. The contract with the sheltered workshop did not specify what these administrative services covered, nor was there any written documentation of what this funding was to cover and what was considered allowable expenditures.

Recommendation:

The Senate Bill 40 Board:

- A. Ensure budget information is properly classified and accurate.
- B. Ensure contracts with sheltered workshops contain specific provisions regarding how funds are to be used.

Status:

- A. Partially implemented. No instances of mathematical errors were noted in the Senate Bill 40 Board budgets for 1999 and 1998; however, the budgets again contained misclassification and other errors. See MAR No. 7.
- B. Partially implemented. It appears the Senate Bill 40 Board attempted to address this recommendation in its 1998 contract with this entity. Although the contract did not provide much detail regarding the allowable expenses related to this funding, the contract did indicate that these monies would be used to pay for office space, supplies, and meeting room costs. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CARROLL COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1833, the county of Carroll was named after Charles Carroll, a local resident and a signer of the Declaration of Independence. Carroll County is a township-organized, third-class county and is part of the Eighth Judicial Circuit. The county seat is Carrollton.

Carroll County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Carroll County received its money in 1998 and 1997 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 316,170	12	297,151	10
Sales and use taxes	250,263	10	250,082	8
Federal and state aid	1,519,860	58	1,911,505	63
Fees, interest, and other	512,507	20	596,104	19
Total	\$ 2,598,800	100	3,054,842	100

The following chart shows how Carroll County spent monies in 1998 and 1997 from the General Revenue and Special Road and Bridge Funds:

USE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 635,421	28	624,839	20
Public safety	538,311	24	509,449	16
Highways and roads	1,092,439	48	1,985,728	64
Total	\$ 2,266,171	100	3,120,016	100

The county maintains approximately 365 county bridges. Approximately 865 miles of county roads are maintained by the townships.

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The county's population was 12,565 in 1970 and 10,748 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		1998	1997	1985*	1980**	1970**
		(in millions)				
Real estate	\$	51.2	50.6	40.3	33.0	26.4
Personal property		19.9	19.3	11.8	12.2	6.9
Railroad and utilities		35.3	33.8	33.1	27.2	23.4
Total	\$	106.4	103.7	85.2	72.4	56.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Carroll County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		1998	1997
General Revenue Fund	\$	0.27	0.25
Health Center Fund		0.10	0.10
Senate Bill 40 Board Fund		0.10	0.10

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		1999	1998
State of Missouri	\$	32,068	31,695
General Revenue Fund		287,784	265,202
Special Road and Bridge Fund		17,334	17,106
Assessment Fund		64,638	72,687
Health Center Fund		105,465	104,254
Senate Bill 40 Board Fund		105,552	104,439
Drainage III Fund		24,267	24,494
Johnson Grass Fund		66	64
Townships		757,485	764,856
School Districts		3,923,593	3,594,615
Ambulance District		287,347	284,575
Fire Protection Districts		150,913	148,308
Big Creek and Hurricane Creek Watershed District		18,312	18,666
Drainage Districts		2,470	128
Golden Age Nursing Home		3,769	4,016
Cities		45,426	45,139
County Clerk		250	239
County Employees' Retirement Fund		16,883	17,949
Other		1,887	1,904
Commissions and fees:			
Township Collectors		42,789	42,505
General Revenue Fund		81,512	81,404
Total	\$	5,969,810	5,624,245

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Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	1999	1998
Real estate	94.8 %	94.9 %
Personal property	91.4	91.8
Railroad and utilities	96.5	100.0

Carroll County also has the following sales tax; rate is per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	0.005	None	50 %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	1999	1998	1997
County-Paid Officials:			
Nelson Heil, Presiding Commissioner	\$	18,000	17,500
Loren Esten Wright, Associate Commissioner		18,000	17,500
Donald Vantrump, Associate Commissioner		18,000	17,500
Peggy McGaugh, County Clerk		30,500	29,500
Kevin L. Walden, Prosecuting Attorney		35,000	17,270
Bonnie Elliott, Prosecuting Attorney			16,730
Joe Arnold, Sheriff		36,000	35,000
Steven W. Bittiker, County Coroner		6,000	6,000
Roy Barclay Staton, Public Administrator*		25,066	22,084
Alta O'Neal, Treasurer and Ex Officio County Collector, year ended March 31,	27,250	26,875	
Wanda Musick Witthar, County Assessor, year ended August 31, **		33,355	
William Reiter, County Assessor, year ended August 31, ***			33,300
Marcus J. Magee, County Surveyor ****			

* Includes fees received from probate cases.

** Includes \$675 annual compensation received from the state.

*** Includes \$900 annual compensation received from the state.

**** Compensation on a fee basis.

State-Paid Officials:

Cheryl A. Mansur, Circuit Clerk and Ex Officio Recorder of Deeds	42,183	40,176
Robert A. Bryant, Associate Circuit Judge	85,158	81,792

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A breakdown of employees (excluding the elected officials) by office at December 31, 1998,

is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	2 *	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	3	0
Prosecuting Attorney	2	0
Sheriff	20 **	0
Treasurer and Ex Officio County Collector	2 *	0
County Assessor	4	0
Associate and Probate Divisions	0	2
Road and Bridge	7	0
Johnson Grass	1 *	0
Health Center	10 ***	0
Total	<u>52</u>	<u>4</u>

* Includes one part-time employee.

** Includes two part-time employees.

*** Includes six part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Carroll County's share of the Eighth Judicial Circuit's expenses is 32.85 percent.

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